CASE 2: WE ALL NEED TO DRESS – BUT AT WHAT COST? AN INTRODUCTION TO CURRENT PRACTICES AND DEVELOPMENTS IN THE FASHION INDUSTRY

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THE SITUATION

A Double-Edged Sword

During 2020 Fashion Revolution Week – on April 23rd 2020 – fashion retailer, H&M published an Instagram post stating: **“H&M is the world’s most transparent brand.”** A day later the corporation had silently removed the post from its feed. Not even a trace of a claim that was taken out of context by the brand. Not even a trace of the critical comments, calling out the brand on greenwashing and on why this claim is highly problematic. So far, the fashion giant has not put out a statement on why they have removed the post so shortly after its publication (Sustainable Fashion Matterz, 2020).

Linda, a 32-year-old sustainability manager from Cologne, was one of the critical voices under that post of the fashion powerhouse. Having been working in the industry for the last 5 years herself, it is news like this that frustrate her most. It makes her sad and angry, seeing big fashion brands claim sustainability for themselves when she also knows about all the issues that are still going wrong in the industry. Issues that many smaller brands are trying to solve as their core mission, not just to appease stakeholders while ultimately aiming to increase consumption and profits. On the other hand, she thinks to herself: ‘Things are moving forward. Don’t all the steps count? Aren’t the big ones still the ones who hold the biggest leverage for change on a broader scale?’

CASE 2: WE ALL NEED TO DRESS – BUT AT WHAT COST?

Fashion Revolution Week and the Fashion Transparency Index

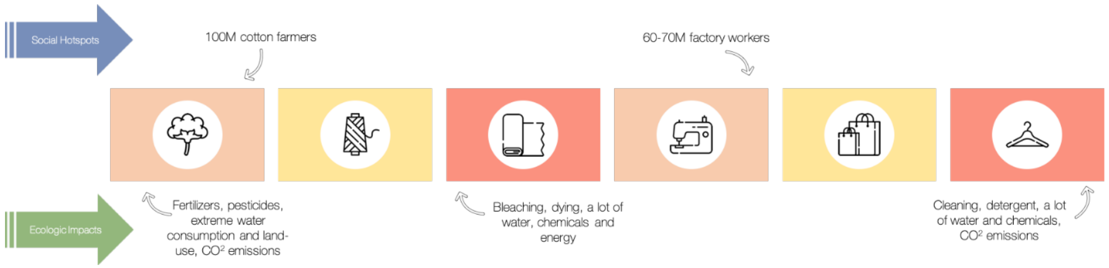
In April 2013, the Rana Plaza Building in Bangladesh collapsed due to construction failures and left over 1130 garment workers dead and over 2500 more injured. It is since described as the "deadliest incident in the history of the garment industry" (Bauman-Pauly et al., 2018, p.41). Even though the incident helped to raise awareness and an outcry of protest against current practices of the fashion industry followed in the weeks after it occurred, many of the issues still prevail. In order to remember Rana Plaza and to call upon fashion brands to take the sustainability challenges of their supply-chains serious, the organization "Fashion Revolution" formed in 2013 and has since grown into a global movement (Somers & de Castro, 2018). Every year, Fashion Revolution Week is organized coinciding with the week of the Rana Plaza anniversary on April 24th, having thousands of people ask big brands #whomademyclothes via social media. For five years now, the organization has been publishing its annual "Fashion Transparency Index". The report ranks the world's biggest fashion brands and retailers based on "how much they disclose about their social and environmental policies, practices and impacts" (Fashion Revolution, 2020, p. 4).

As pointed out in their methodology, brands with an annual turnover exceeding 400 million $US are included in the index. Moreover, the organization sees transparency only as a first step towards more accountability and points out that "transparency isn't about which brand is doing best, but about who discloses the most information. Transparency does not equal sustainability" (Fashion Revolution, 2020). In 2020, H&M scored the highest among all evaluated 250 brands, reaching a score of 73%. Fair fashion platform Sustainable Fashion Matterz points out on their Instagram: "In school grades that would be a C" (Sustainable Fashion Matterz, 23.04.2020).

CASE 2: WE ALL NEED TO DRESS – BUT AT WHAT COST?

The Fast Fashion Industry

To the modern consumer, a time in which fashion houses produced two seasonal collection per year – summer and winter – must sound almost unimaginable (Franken, 2017). Gone are the days where a full production cycle from a first design to a sold piece of clothing took around half a year. Today, the fashion industry is worth approximately USD 1.3 billion and employs over 300 million people globally (Ellen MacArthur Foundation, 2017, p. 18). Fast-fashion, "a retail style that consists of the expedited production and distribution of short runs of trend-based fashion" (Hoskins, 2014, p.70) has massively transformed the industry in recent decades. Fast fashion is able to make the consumers feel as if they are wearing the same clothes that are walked-down the runways of high-end designers (Barnes & Lea-Greenwood, 2006). Fashion leaders saw the swift response of the consumers to fast fashion and hence shifted their forecast of future trends to real time and have them ready in weeks in order to serve to the wants of the consumers (Jackson, 2001). The fast fashion business strategy has led to massive competition within the industry as well as a shift from product-driven to buyer-driven behavior among brands. With the developed infrastructure, fast fashion brands are able to perform successfully through quick response method where the main components consist of reduced lead times, extensive product range and low maintenance costs. Furthermore, outsourcing became standard practice among the fast fashion brands, especially in terms of labor and production. Estimates in 2017 showed that the fashion industry grew by approximately 5.46% compared to the previous year. Further growth has been forecasted for the following years, with a peak growth rate of around 6.2% expected in 2020 (Singh, 2017). With a huge global market size, the fashion industry was estimated to be worth $1.65 trillion, which accounts for 2% of the world's GDP by 2020. A BOF & McKinsey report (2019) traced the majority of growth to the fast fashion segment. To keep up with the fast fashion model, fashion retailers have to release new designs and styles almost every week. In 2013, fashion powerhouse and one of fast-fashion's pioneers Inditex (eight brands, e.g. Zara, Massimo Dutti, Bershka) operated "6,058 stores in 82 countries and employed 120,000 people" (Hoskins, 2014, p.23). A case study by Siegle (2011) showed that Zara is able to create a design, have it produced within days and shipped to all of its over 2000 stores around the world within a matter of two to three weeks. Fast fashion shifted the traditional two to four season cycles to nowadays up-to 52 micro-seasons (Singh, 2017). Fast fashion however comes at a price. The true cost of fast fashion today manifests through its social and ecological impacts, which cannot be overlooked (Thiruchelvam, 2018). Fashion supply chain has been under an enormous amount of pressure for the growing complexity of the industry. Resulting from the up to 50 mini seasons put in stores each year at low costs to achieve the cheapest possible prices for customers, the whole production chain rests on exploitation (Hoskins, 2014). These issues have been persistent for years with e.g. waste and water management, unacceptable working conditions along the supply chain and low wages just being a few of them (Schneider & Jastram, 2018).



(The Textile Chain; based on: Fair Fashion Guide, 2019)

CASE 2: WE ALL NEED TO DRESS – BUT AT WHAT COST?

(1) Working Conditions and Human Rights Concerns

In a bid to gain a large share of the market coupled with globalized production, making of clothes is outsourced to low-cost economies like in China, Vietnam or Bangladesh. The high degree of competition among the brands puts pressure on the garment producers to produce at very low cost and unreasonable delivery times. This in turn reflects in the lower working wages and conditions of the workers as recounted by Arif Jebtik, a garment factory owner in Bangladesh (The True Cost, 2014). These factory owners operate factories often referred to as sweatshops. Workers in these sweatshops are in many cases subjected to forced labor working conditions such as working under the minimum living wage, working overtime and abuse at the workplace, unsafe workplace environments, child labor and no option of union representation. A lot of countries are either lacking the legal rights to union representation, or even if such legislation is in place it is in many cases hard to reach, not enforced in practice and organizing workers have to face threads from managers and governments siding with corporate interests (Hoskins, 2014). With the brands being on top of the value chain, they have the power to choose where to produce the clothes and they do not shy away from switching suppliers if the garment producers are not able to produce at the cheapest possible price. The seamstress sewing between 8 to often up to 12 hours a day, 6.5 days a week (Aulakh, 2013), ends up getting only around 0.6 % of the retail price, with around 71% ending up with the brands and Western retailers (FEMNET, 2019). In many of the countries that produce the majority of our clothes, the minimum wage is "less than half of what can be considered a living wage" (GFA & BCG, 2017, p. 16). Moreover, in many cases factories fail to comply with the minimum wage laws in their countries. For women, who make up by far the largest share of the ready-made garment (RMG) workforce, this minimum wage gap is very often much wider than for men (ibid.).

(2) Overconsumption and Waste

Globally, in the last 15 years the number of clothes bought has doubled. Consumers buy about 100 billion pieces of clothing every year (Fashion Lovers, 2020, p.19). Allowing the feeling of being able to afford the newest piece of fashion in one's wardrobe, fast fashion has changed the purchasing behavior of consumers and their reaction to trends (Bardwaj & Fairhurst, 2010). Thanks to fast fashion, consumers from every level of income are able to have access to the latest styles. The fast paced throw away culture of consumers could be linked to the fact that consumers lack the information or knowledge towards sustainability (Birtwistle & Moore, 2007) and with prices low, consumers have come to accept the lower quality clothes over higher priced pieces. The consumers are comfortable with the idea of a short life span of their clothes, which they dispose of already in search for the next must-have item.

Over 50% of "all clothing produced is disposed of within a year of production" (Julie's Bicycle & CSF, 2019, p. 10). This results in uncontrolled and excessive generation of textile waste which contributes to the build-up of mountains of disposed, unwanted clothing (Dissanayake & Sinha, 2012). The fashion industry generates 4% of the world's waste each year – A total of 92 million tons of waste, which is even more than the annually generated e-waste (Bird, 2018). According to the Ellen MacArthur Foundation, one truckload of clothing is landfilled or burned each second and in current industry practices "less than 1% of material used to produce clothing is recycled into new clothing" (2017, p. 37). Based on current trends, the fashion industries contribution to global waste is projected to more than double until 2030 (GFA & BCG, 2017).

CASE 2: WE ALL NEED TO DRESS – BUT AT WHAT COST?

(3) Environmental Impact and Health

Beyond an incomprehensible amount of textile waste, the industry has many other far-reaching impacts on the environment (Julie's Bicycle, 2019). The 2020 Fashion Transparency Index found, that especially in the area of material sourcing, companies struggle to disclose their practices and to trace back their environmental impacts (Cernansky, 2019). Similar to the workers in the garment factories, also the workers on the cotton fields work under tough conditions and child labor is often not an exception (FEMNET, 2019). Moreover, conventional cotton production uses high levels of pesticides. In order to achieve good yields, cotton production also requires high amounts of water with many regions facing serious droughts and the shrinkage of natural water reserves. For every tone of textiles produced, up to 200 tons of water are used (Greenpeace, 2012). Even though genetically modified cotton plants are more resistant to plagues and hence need fewer pesticides, a side effect often is the occurrence of so-called "super weeds", resulting in even more toxic pesticides that are harmful to the environment and humans (Perry, 2018). A further highly polluting step in the textile chain is the dying of fabrics as well as the treatment of leather: "Textile dying is the second largest polluter of clean water globally, after agriculture" (Perry, 2018). Many of the textile factories discharge their wastewater into rivers without treatment (FEMNET, 2019). There are over 10.000 different dyestuffs, which can be used in printing and dying processes (Greenpeace, 2012). Many of the available substances are banned or regulated due to their toxicity and effects on the environment as well as on human health (many are disruptive to hormones or carcinogenic). However, textile production without any chemical components is still far from a reality. Following up on the 2011 Greenpeace Detox Campaign, an investigation in 2012 "found residue of a variety of hazardous chemicals in clothing made by 20 global [fast] fashion brands" (Greenpeace, 2012). In addition to the usage of fertilizers, pesticides and chemicals, the production of leather as well as the dying process of textiles demand large amount of energy and substantially contribute to global CO^2 emissions (Perry, 2018). In 2015, CO^2 emissions of the industry were at a higher level "than those of all international flights and maritime shipping combined" (Ellen MacArthur Foundation, 2017, p. 38). Apart from environmental impacts caused within the production of clothing, pollution also extends throughout the use phase of the products. With each load of laundry, polyester garments for example shed microfibers. Those end up as micro plastic in our oceans and waterways. As they do not degrade over time, they eventually find their way back into humans through the food chains of plankton and fish (Perry, 2018). By 2050, the shedding of plastic microfibers into the ocean from textile washing could increase to 0.7 million tons annually which is "the material equivalent of around 4 billion polyester tops" (Ellen MacArthur Foundation, 2017, p. 39).

"By some estimates, the fashion industry is responsible for up to 10% of global CO2 emissions, 20% of the world's industrial wastewater, 24% of insecticides and 11% of pesticides used" (Kell, 2018). It is apparent, that the present-day fast fashion system is largely not sustainable, as continuous overproduction and overconsumption put pressure on ecosystems and contribute to environmental as well as social degradation (Müller, Gwozdz & Gwozdz, 2015). Further, unsustainable practices of the industry are likely to harm its profitability as well. According to an industry report by the Global Fashion Agenda & The Boston Consulting Group, a business-as-usual trajectory of current practices will likely result in massive losses for the industry: "By 2030, fashion brands will see a decline in EBIT margins of more than 3 percentage points if they continue 'business-as-usual'. That adds up to approximately €45 billion [US $ 52 billion] per year of profit reduction for the industry as a whole" (2017, p. 23).

Jumping on her bike, Lind is on the way to an industry multi stakeholder meeting she was able to organize together with other colleagues from smaller fair fashion brands. She is sure, to make a change, organizations and companies of all sizes and interest groups need to discuss and find a way to work together besides their differences…

CASE 2: WE ALL NEED TO DRESS – BUT AT WHAT COST?

A need for Change – Developments and Trends to Remake the System

An investigation by Kaucic & Lu (2019) which looked at keywords (note however that terms like "sustainable" or "eco-friendly" are not protected) in apparel product descriptions showed that the number of sustainable labeled apparel items available around the world increased by 500% between 2016 and 2018. The study mentions retailers using varying range of communication strategies to sell their sustainable wears. For example, some stress the use of special eco-friendly dyes or fabrics whiles others also highlight that their products are certified by acknowledged third party organizations such as FairTrade or BlueSign (Kaucic & Lu, 2019). However, an industry report by Global Fashion Agenda, Boston Consulting Group and Sustainable Apparel Coalition (2019) shows that the whole industry is slowing down in sustainable efforts. Using their Plus Index scoring system – based on a self-assessment which has not been audited or reviewed externally – the report showed that in 2017 the fashion industry improved in its sustainability efforts by an overall six points but in 2018 that score slowed down to an increase by only four points. However, already their first report from 2017 points out the economic opportunity that can result from a change in industry practices. It states a €160 billion-per-year win for the global economy "that can be realized through more efficient and diligent use of scarce resources, by treating workers fairly, and by making progress on a range of issues up and down the value chain" (p.19).

In addition, the 2019 "The State of Fashion" report by BOF & McKinsey also highlights the necessity for change within the industry. It acknowledges the growing demand for sustainability and transparency by consumers, especially – but not exclusively – from a "critical mass" of the younger Generation Z as well as millennial consumers. Especially transparency, awareness for social and environmental causes as well as new resale, rental and circular business models are highlighted. BOF & McKinsey's newest report from 2020 continues this sustainability trend stating that "fashion players need to swap platitudes and promotional noise for meaningful action and regulatory compliance while facing up to consumer demand for transformational change" (p. 16). People surveyed for the report name it as "both the single biggest challenge and the single biggest opportunity for 2020" (p. 16). Material innovations, as well as diversity and inclusion are topics presented in more detail. Despite many actions that can be observed from corporations as well as legislators in the recent past, the report concludes that the industry is still far off from where it needs to be going. Concerning materials and waste, the report for example notes: "Many of the solutions currently in the works don't go to the root of the problem: the need to make and consume less" (p.57). A report commissioned by the European Commission in 2019 identified Changing consumer attitudes, Extending of clothing lifetimes, Clothing sharing as well as Digitalization, customization and Fashion on Demand as the biggest emerging trends for a more ecologically sustainable fashion industry (EC, 2019). The 2017 "Pulse of Fashion" report (GFA & BCG) outlines levers for change and goals in their "Landscape for Change" (p. 72). It depicts "directly implementable solutions" as well as "disruptive solutions" along eleven categories: Closed Loop Recycling, Sustainable material mix, Reduced energy footprint, Chemical & Water optimization, Production-on-Demand, Rebalanced industry economics, Health & safety excellence, Advocacy of Human rights, Transparency & traceability, Consumer engagement and Novel Business Models.

CASE 2: WE ALL NEED TO DRESS – BUT AT WHAT COST?

As these developments show, something is moving within the industry and business as usual will be hard to upkeep in times where the young generation floods the streets in climate protests and more and more people become aware of the issues and injustices of global production and overconsumption. However, one can also not disregard systemic factors of the equation: “Whilst it makes sense to buy the least harmful option when purchasing any product, what about the myriad factors that determine ‘choice’? Class is the primary factor. You buy what you can afford” (Hoskins, 2014, p. 167). Most fair fashion advocates still criticize sustainability approaches of big corporations as half-hearted and not reaching far enough. As for the most part, they are still operating in and making profits off a global system built on exploitation and overconsumption. In contrast, an increasing number of small labels are emerging that aim to do things differently all together and advocate for change as their core purpose of business. Founded from a sustainable mission or being a traditional SME, smaller players are however facing many challenges: “Small brands constituting around half of the industry, are lacking the knowledge and resources to significantly improve their footprint. They also have little control over and transparency along their supply chains. Even when their intent is good, they lack the critical reach to effect change” (GFA & BCG, 2017, p. 26). Nevertheless, by proving to the industry how more sustainable and ethical practices are possible, some smaller fashion brands are holding up a mirror to big corporations and are contributing important momentum to the fair fashion movement.

CASE 2: WE ALL NEED TO DRESS – BUT AT WHAT COST?

FAIR FASHION IN PRACTICE: THREE PIONEERS FROM COLOGNE, GERMANY

Forerunner of the German Sustainable Fashion Scene: LANIUS

"To set up a fair fashion label twenty years ago wasn't a common thing at all," says Claudia Lanius, founder of the Cologne-based fashion label LANIUS she started in 1999. "Back in the late 90s, organic fashion hadn't the best reputation neither was it very sexy to buy and wear it, the buyers on textile fairs we attended passed by our booth without giving fair fashion a real chance" she remembers, recalling the first 15 years of her career the ones with the biggest challenges (Lanius, personal conversation, 25.11.2019). To overcome them, a lot of educational work to gain buyers was necessary: "When it comes to fair fashion you really have to prove yourself". Besides the looks – "fair fashion has to look really good, even better than fast fashion" – work is necessary in many other areas such as production facility research, design, quality assurance, pricing and transparency of the textile chain (Lanius, p.c., 25.11.2019). Today, the brand sells at 400 retailors as well as in its own online shop. The company is certified after the Global Organic Textile Standard (GOTS) and member of the International Association of Natural Textile Industry (IVN). Many of the production facilities hold additional certifications such as e.g. auditing by the Fair Wear Foundation.

LANIUS produces with 20 different production partners in 9 different countries: "We only work with responsible suppliers who we know personally" (LANIUS, 2020).

Located in a studio in Cologne, LANIUS combines sustainable materials with sophisticated design to produce clothes, accessories and shoes for the modern yet feminine woman. The team of 26 employees believes in and practices a slow fashion approach by creating new collections twice a year. According to Claudia Lanius, who aims to "do fashion differently for the future of our planet and the generations to come" her main goal has always been "to design competitive fashion, which respects the three pillars of the on-going process of sustainability: environmental protection, economic viability and social equity" (Lanius, p.c., 25.11.2019). One of the current challenges the executive and designer is working on is "the plastic packaging issue". Since 2018, the brand decided against packaging from newly manufactured plastic. Claudia Lanius founded the #NOPLASTIC initiative that same year and "proactively joined forces with other sustainable fashion companies and organizations with the goal to jointly research and use sustainable packaging alternatives" (Lanius, p.c., 25.11.2019).

CASE 2: WE ALL NEED TO DRESS – BUT AT WHAT COST?

Before Claudia Lanius founded LANIUS, she started her first label "THC – The Hanf Company" in 1994, inspired by the possibilities of nature fabrics. For her the material science still "holds the biggest potential for positive impact for the fashion industry" as we need "new intelligent fabrics to be researched to spare the world's exhausted resources". In order to generate large-scale change within the industry, she calls for legal regulation to make fashion more sustainable and moreover recognizes the power of large corporations like Inditex, Primark or H&M to demand fair working conditions and production facilities within the supply chain. Ultimately, in her view, "the customer maintains the biggest lever for change" (Lanius, p.c., 25.11.2019).

A School Bag Start-Up gone Sustainable: Fond Of

FOND OF is a Cologne company with seven brands. Founded as a Start Up in 2010 with the first ergonomic school backpack for primary school children, FOND OF is now one of the leading companies in the school bag market and has developed into a platform for potential development. FOND OF currently has 316 employees and sells its products in 35 countries. The product universe no longer includes only backpacks, but also children's shoes and a fashion label. All FOND OF brands attach great importance to responsible manufacturing. In 2016, the company received the German Sustainability Award and in 2017 the CSR Award for CSR within the supply chain (FOND OF).

Looking at it from today's perspective, to the surprise of many, the company's founders did not have sustainability on their mind from the beginning. "The founders just wanted to open up a new business; they were entrepreneurs looking for new opportunities" tells us Julian Conrads, one of the brand's CSR managers (p.c., 18.11.2019). Only when the opportunity to produce their backpacks from recycled PET bottles presented itself after the brand had already gotten quite successful, the starting point for FOND OF's journey into sustainability was set as "this basically started an entire shift towards more responsible behavior or business practice". With milestones such as the membership with the Fair Wear Foundation (FWF) or becoming a partner of BlueSign, "the entire culture shifted even more to by a sustainable company" says Conrads (p.c., 18.11.2019). This is also mirrored in their newly built company headquarter which runs on renewable energy and complies with the Gold Standard of the German Association for Sustainable Building (DGNB) (Ship Cologne, 2020). Even though there is an intrinsic motivation within the management to do business in a good way, the cost-benefit and value added of sustainability measures, as e.g. through communication potential, company culture and employer attractiveness, need to add up before decisions are made: "It's always a lot of discussion involved. You need to make good arguments" (Conrads, p.c., 18.11.2019).

He makes out the biggest challenges and levers to sustainable fashion within the supply chain: "For us this is one of the hot topic areas and we try to address it with our membership in the FWF where we do regular audits, visit the factories and try to improve labor conditions there and give trainings. We have a regular brand performance check where we are analyzed and rated on how we treat our suppliers" (p.c., 18.11.2019). In addition to this, FOND OF has a written "Code of Conduct" which is to be signed by all of their partners in order to enforce social and environmental expectations of the company. It encompasses everything from working conditions and environmental protection to complaint procedures. To gain more transparency about the supply chain is an ongoing process with "step by step thinking that you need to have here" (Conrads, p.c., 18.11.2019

CASE 2: WE ALL NEED TO DRESS – BUT AT WHAT COST?

Through persistent efforts the company has managed to gain a high degree of transparency into their supplier network, which is not only comprised by direct production partners but also a variety of sub-contractors and Tier 2 suppliers of different components used in the end product. One of the company's biggest success so far was to reach leader status within the FWF's annual brand performance checks. Another critical topic is the entire chemicals management for the dying and treatment of fabrics. To tackle these issues, FOND OFF switched to working with fabrics and components approved by BlueSign, a label regulating the use of hazardous chemicals in the production chain: "It's challenging because it's usually more expensive and you have to find suppliers able to supply these fabrics and components" (Conrads, p.c., 18.11.2019).

Conrads points out another big issue the whole industry faces which is left over products, the so-called "deadstock". With tight profit margins and difficulties in forecasting exact product demand for upcoming seasons, the fashion industry is largely built on not only overconsumption but also overproduction. So far, FOND OFF tackled the problem through cooperating with an organization distributing dead stock to people in need. However, here he sees the biggest potential in digitalization and developing better systems "to have better data, to analyze the existing data more effectively and be more accurate when ordering products" (p.c., 18.11.2019).

As for the current system, he points out that "it can't go on like this, that's quite sure". To make fashion more sustainable, it needs a shift towards "durability and longevity as currently people buy too many clothes for too cheap prices and do not really value their textiles" in Conrads opinion (p.c., 18.11.2019). For mono-material products, also circularity will be a promising concept to aspire too. In addition to this shift, material innovations in areas such as fabric, chemicals, organic farming as well as recycling processes hold a lot of promising potential. As far as the consumer goes, he says "to really make the end customer understand how complex the production is I think is very hard… The majority has no clue and probably has no time to get a clue" (p.c., 18.11.2019). Therefore, he sees more responsibility lying with political regulation as well as with the big industry players. Even though ambitions are there, often they seem to be very selective – A project here, a collection there: "I respect the small steps by the big players and I think it's cool that they do it but in the end, it's not really enough" (p.c., 18.11.2019).

CASE 2: WE ALL NEED TO DRESS – BUT AT WHAT COST?

From Eco Pioneer to Leader? Aiming to Disrupt the Industry: ARMEDANGELS

In 2007, Martin Höfeler founded a T-Shirt company aiming to support charitable causes through its profits. Today, ARMEDANGELS is one of the most successful German fair fashion labels – counting 96 employees and selling a wide range of clothing products via its 900 retail partners and its online shop in more than 30 countries (ARMEDANGELS, 2020). They produce two main collections per year as well as two smaller ones. The company's annual revenue lies at €35 million. Within the fair fashion segment, the company counts as a big player, within the conventional fashion industry they are still a small wheel in this huge machinery (Friedrich, 2019). For Höfeler, an intrinsic sense of justice and his own values have always been the guideline for doing business (Duvinage, 2019). To get to where the brand is today it has been "doing its homework since day one" (ARMEDANGELS, 2020, p. 3).

> *For us at ARMEDANGELS, corporate responsibility is not a risk management system, it is not the latest buzzword that we feel we have to integrate to boost up our reputation. It is our DNA, our core value and our pure belief. We do what we do, because we believe that our business can change, that it can be done differently – better! For this reason, corporate (social) responsibility is the basis of all our activities & integrated into everything we do, every decision we take, every product we sell.*
> (ARMEDANGELS, 2020)

At ARMEDANGELS the sustainability department sits right under the management and "has a veto right in almost every decision" explains Lavinia Muth (p.c., 19.11.2019), one of the two Corporate Responsibility Managers at the company. The brand has been working hard to put their vision of different and more sustainable fashion in practice. ARMEDANGELS has been working with the FWF, GOTS and Fairtrade standards in order to make it happen. Awarded with the FWF leader status, the company has created transparent supply chains and is working together with its suppliers to improve social as well as environmental aspects within production. They currently work with 13 direct partners in four countries (62% of countries are classified as high-risk by the FWF) (ARMEDANGELS, 2020) and claim 100% traceability on their supply chain. Muth would like to get ARMEDANGELS into the Fashion Revolution "Global Transparency Index"; however, the ROI of the label is still too low to get included (p.c., 19.11.2019). She also points out that no matter how well you know your situation, the job is always an ongoing process: "with [some partners], I would never tick it off as 'done' in our project plans, it's India, I can tell you we are somehow 80% down from critical non-conformities, I can manage that, but it's never 'done'" (Muth, p.c., 19.11.2019). Muth acknowledges that with sustainability becoming a more and more important topic in the entire industry, it has been possible to improve on some issues. Nonetheless, "what is still difficult and not so easy to define are things like social requirements and forced labor. So just because there is xy in the audit and the boss is somehow nice to the worker, we don't know what tomorrow will look like

CASE 2: WE ALL NEED TO DRESS – BUT AT WHAT COST?

Through persistent efforts the company has managed to The problem she sees with big corporations is that even if their "requirements are very good and very high, the people working there are super professional, but they are actually delegating the requirements down the supply chains. They say 'Agent, here are my requirements' and then the agent is responsible for fulfilling the requirements" (Muth, p.c., 19.11.2019). Additionally, while progress is made in some small areas, new problems are constantly emerging, as for example issues with migrant workers in countries like Myanmar, Bangladesh or Pakistan.

Concerning environmental impacts, ARMEDANGELS is also paving the way towards improvements through sustainable materials, promotion of resource saving practices and a rigorous management of chemicals. For example, the brand has established its own organic cotton cooperative, the ARMEDANGELS Organic Farmers Association, where it is working together with 366 small-scale farmers in India to convert their practice to organic farming with first yields in 2019 – A unique effort in the industry (ARMEDANGELS).

After 13 years in the industry, ARMEDANGELS continuously demonstrates that things can be done better and differently. They are actively engaging in networking and collaboration within the industry and share their experience and knowledge with others who want to move towards sustainability (Duvinage, 2019). For the pioneer this is not enough though. With growing awareness and sustainability being placed on corporate agendas, it becomes harder and harder for a brand like ARMEDANGELS to stand out. In an industry so complex, it is hard to communicate towards the end customer why it is more sustainable to buy from them than from a big fashion house's sustainability collection. Through subsidizing sustainable products with their conventional business, big players can offer them at a much cheaper price (Friedrich, 2019). Muth highlights another issue with big corporates: "I can't imagine that, especially when it comes to wages, something will happen in the next few years because the cost structures haven't changed and will not change and that's the problem with the business models, those brands they won't give up their margins. They will not do that, they say it themselves, 'that is our business model' … It's not enough to make a few adjustments to the supply chain, we have to change our position and it must be consumed differently" (Muth, p.c., 19.11.2019). In order to have transparency in the payment of wages and to avoid negotiating against wages, ARMEDANGELS has implemented a radical open costing method, their True Pricing Methodology: "It's a tool that we can use to make sure that our prices are fair. We want to push the wage ladder from the bottom up" (ARMEDANGELS, 2020, p. 10).

This currently poses a big challenge for the company. In order to make the jump from a sustainability pioneer to being a leader who makes sure to pull others along, it needs to get out of the niche. "We want to become a brand that reaches a lot of people and unites them behind us. I believe that is what enables you to realize change on a larger scale […] and the more other companies will follow and imitate what we're doing," says ARMEDANGELS CEO Höfeler (Duvinage, 2019). Moreover, to demonstrate leadership towards real change, the company aims to explore new ways for their business model. The "Circ Tee", a T-Shirt from recycled dead stock is the first circular product the company wants to release. Additionally, customers shall get involved as part of the supply chain by being able to swap their old organic cotton shirts for a new recycled one from the brand. "No one has done this before," explains Höfeler, "so far there didn't exist a process to produce a new organic cotton shirt of the same quality from an old one" (Friedrich, 2019). The brand is further thinking about exploring other innovative business case solutions such as leasing, re-selling and re-using models to follow their goal of becoming circular. Making these transformations happen on a large scale will be challenging though. Muth recognizes that "we will need the big ones (…) you need the mass, you need money in form of investment, there have to be new logistics, there have to be new sorting plants, there have to be new technologies how to recycle certain fibers somehow. I think there's already change and then we just have to come up with the quantities" (p.c., 19.11.2019).

CASE 2: WE ALL NEED TO DRESS – BUT AT WHAT COST?

A way forward?

As Linda gets to the strategy meeting, she feels excited for the hours ahead. For her, even getting everyone in the room together feels like a first achievement and even though the industry is incredibly complex, and players are facing massive conflicts of interest, she hopes for a constructive exchange. She says hi to her colleagues from other smaller brands and scans the room to see who else was able to follow the invitation. There are sustainability managers from bigger corporations, some investors, political actors as well as a small group of interested consumers to include the customers' views. She is especially happy about the fact, that a group of non-profit organizations was able to raise funds to have a small group of representatives from Bangladesh present, amongst them two factory owners, two worker representatives from a labor association and a female garment worker from Dhaka. In an attempt to move forward collaboratively, they will soon start to discuss the potential path towards a more sustainable fashion industry.

CASE 2: WE ALL NEED TO DRESS – BUT AT WHAT COST?

TEACHING NOTE 2: WE ALL NEED TO DRESS – BUT AT WHAT COST?
AN INTRODUCTION TO CURRENT PRACTICES AND DEVELOPMENTS IN THE FASHION INDUSTRY

Teaching Case

Fair Fashion

Teaching Notes

Language	Teaching Format	Time	Lecturer
English	Teaching Case	90min	tbd

Requirements	none
Learning Objectives	Knowledge

Knowledge

- Introduction to the fashion industry
- Sustainability aspects of the fashion industry within the pillars of "environment, economic and social"
- Knowledge on the concept of "Fair Fashion"
- Understanding their own impact through personal "fashion footprint"
- Understanding the interests of stakeholders within the fashion industry
- Understanding the supply chain of ready-made garments (RMGs) as well as its challenges in regard to sustainability
- Knowledge on different practices towards a more sustainable fashion business brands currently apply and work on
- Getting to know current trends and approaches aiming towards to new business models and a systemic change in fashion consumption and production

Competences

- Critical thinking & reflection
- Discussion of complex topics ('wicked problems')
- Team work & collaboration
- System thinking competency
- Developing strategy for future business models

CASE 2: WE ALL NEED TO DRESS – BUT AT WHAT COST?

Content	Introduction to fast vs fair fashion The impacts of the fashion industry and fast fashion on a social, environmental, and societal/life-style level The Fair Fashion Approach Introduction of some Fair Fashion Initiatives and Labels Introduction to three Cologne-based sustainable fashion brands and their approaches
Which SDGs does the course address?	SDG 8, 12
Case Structure: Session Outline	1) Getting familiarized with the case: issues of the fashion industry & the way forward (10min) 2) Small exercise: Understanding one's personal "fashion footprint" (5min) and small peer-group discussion (10min) 3) Understanding hot spots of the RMG industry and supply chain (5-10min) 4) Mapping exercise: How do fair fashion brands tackle the industry's challenges in their vision to create a more sustainable industry? (3 brands from Cologne) (15min) 5) Discussing the sustainability approaches of big brands, their shortcomings as well as their potential leverage (5-10min) 6) Strategy Meeting "The Future of Fashion": How can we move beyond what is currently done? How can we drive more systemic change and develop from pioneers to leaders? (30min) Participants: Representatives of a. Fair Fashion pioneer brands (2-5 students) b. Big corporate fashion houses (2-5 students) c. NGO/NPOs, factory workers & labor associations (2-5 students) d. Investors (2-5 students) e. Suppliers (Factory Owners) from the Global South (2-5 students) f. Customers (2-5 students) g. Politicians 7) Debrief/Reflection (10min)

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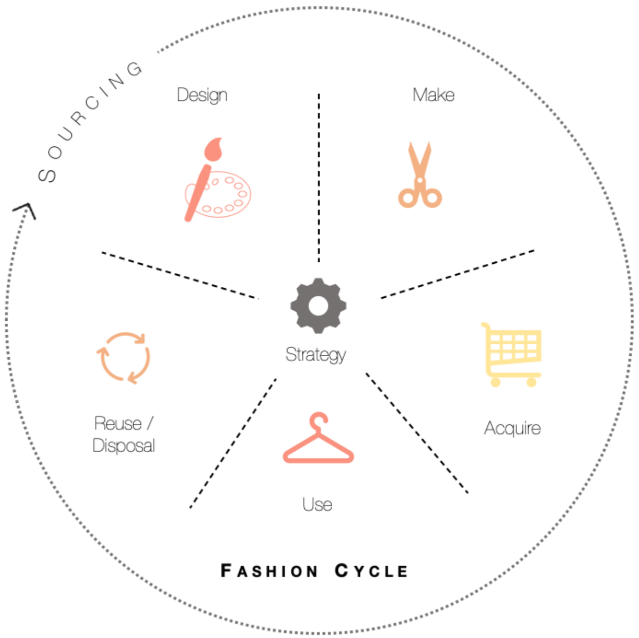
How does the course foster the following:

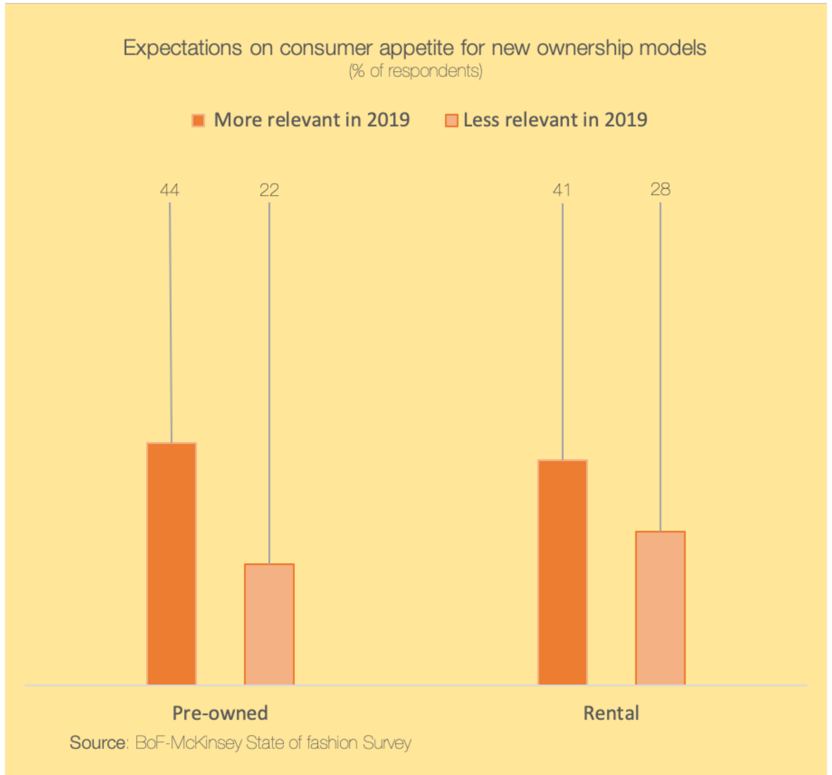
Systems Thinking Competency	Incorporating multiple stakeholder views; developing strategy towards systemic change
Anticipatory Competence	Dealing with complex and wicked problems in an unpredictable future
Normative Competency	Awareness for different living situations and interests within a global system
Strategic Competency	Developing a strategic approach for "The Future of Fashion"
Collaboration Competency	Group work
Critical Thinking Competency	Critically evaluating a currently malfunctioning, unsustainable business
Self-Awareness Competency	Reflection on own behavior and consumption impacts through "fashion footprint" and peer-group discussion
Integrated Problem Solving Competency	Developing a shared vision & strategy to solve challenges within the fashion industry/supply chains
Uncertainty/Ambiguity Tolerance	Dealing with complex and wicked problems; Dealing with conflicts of objectives between different stakeholder groups
Sense of Place	--
Empowerment of the learner	Discussions & Group-work self-guided by students
Creativity & Imagination	Developing a shared vision & strategy for the future of fashion in the "strategy meeting"
Literature & Resources	ThredUp (2020). How Dirty is your Closet: Fashion Footprint Calculator. https://www.thredup.com/fashionfootprint Further: See sources of the respective Teaching Case document

CASE 2: WE ALL NEED TO DRESS – BUT AT WHAT COST?



The Fashion Cycle

(Own graphic, based on: Julie's Bicycle, Fashion & Environment, 2019)



(Own graphic, based on: BoF & McKinsey, 2019)

Well-Recognized Labels of the Textile Industry

Oeko-Tex

Active in over 60 countries

Member institutes work together on new standards and test methods. NROs and scientist are consulted in the process of setting new standards.

The Oeko-Tex Association awards three labels

- STANDARD 100 – consumer protection seal; checks for harmful residues on the final product.
- STeP – reviews conditions of employment, safety of the work environment and the eco-friendliness of production processes.
- MADE IN GREEN – a sustainability standard that combines aspects of STANDARD 100 and STeP

Oeko-Tex comprises standards and recommendations for suppliers, subcontractors, materials to be used and wages. Certified companies are audited every three years.

Focus: the different labels set various priorities

Website: www.oeko-tex.com

Fair Wear Foundation (FWF)

Represents 85 textile companies with 120 brands

Active in Europe, Africa and Asia

As a multi-stakeholder initiative the FWF wants to improve working conditions, particularly in sewing factories.

Member companies may only use the label for their garments when 90% of the production volume is integrated into monitoring systems. In addition to verifications and audits, there are action plans which companies must adhere to.

Focus: Process criteria for improving working conditions

Website: www.fairwear.org

Global Organic Textile Standard (GOTS)

Standard on the processing of textiles made of organically produced natural fibers

GOTS sets demanding ecological standards, which require a minimum percentage of biological material of up to 70 %.

Certified companies are audited annually under set requirements, followed by a verification by the certifier.

Focus: Pioneer in the field of ecological standards, whereby social standards are largely neglected

Website: www.globalstandard.org

Bluesign

Bluesign systems partners with brands and chemical suppliers

When considering the entire manufacturing chain, Bluesign aims to protect resources, minimize environmental impact an ensure a save work environment. To achieve this, they closely examine all factories, starting within the chemical industry.

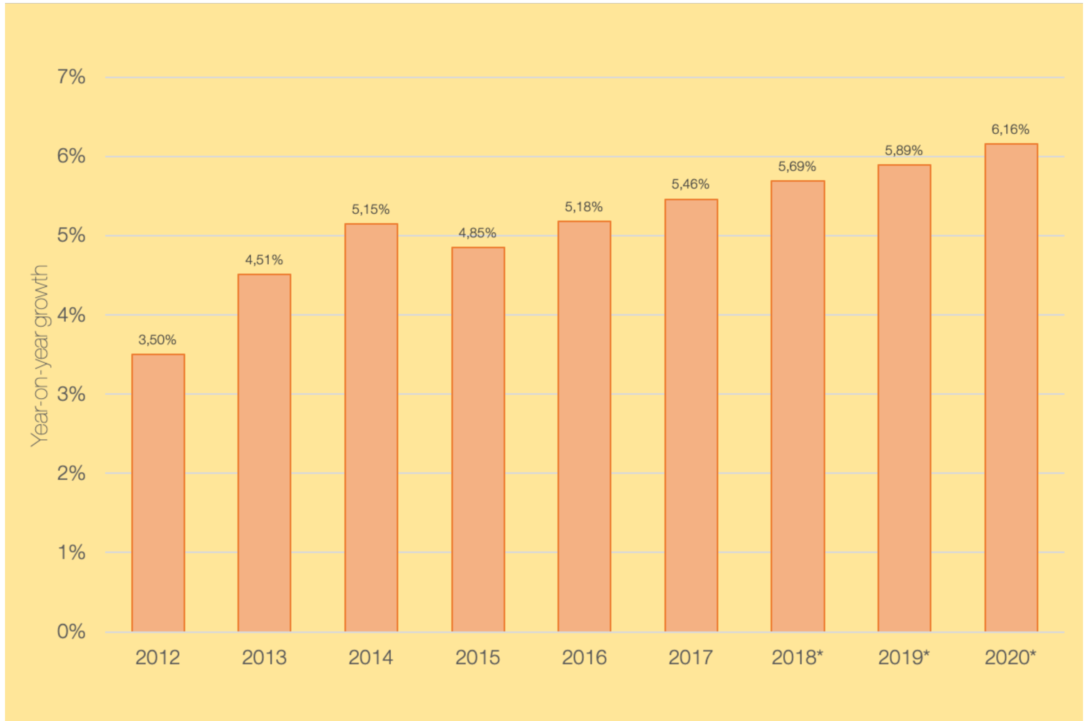
Companies are evaluated every three years. If 90% of the textiles used in products and 30% in accessories are used, the label may be used.

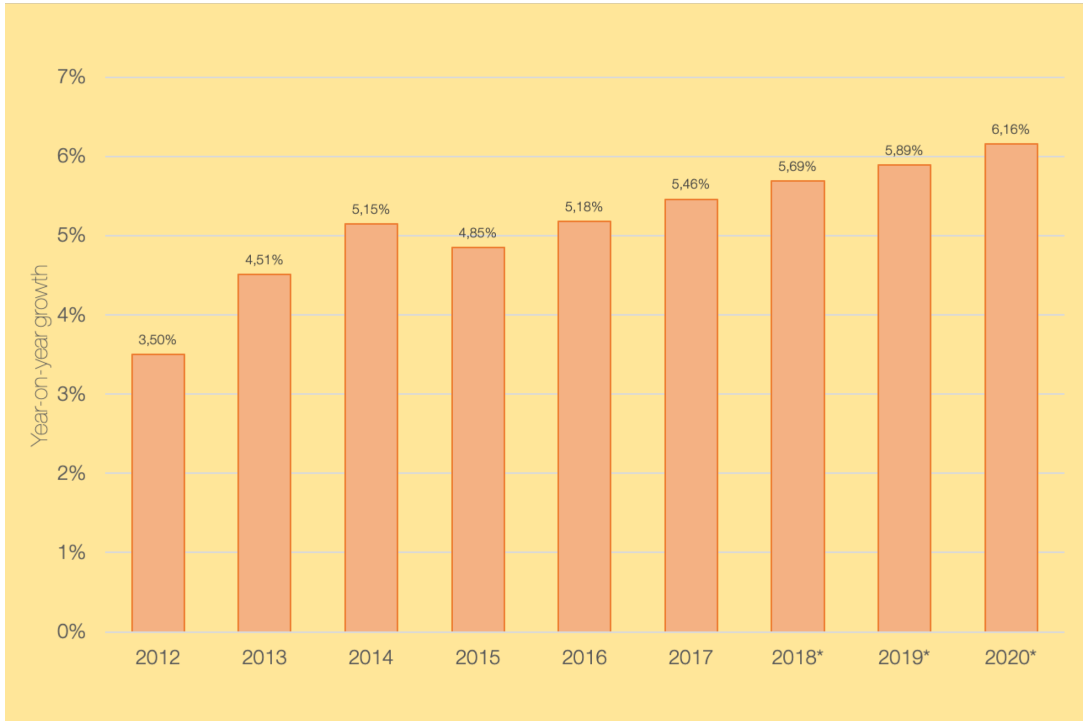
Focus: Environmental certificate that regulates and trains the handling of chemical substances

Website: www.bluesign.com

The labels listed should be understood as a selection of some that are currently well recognized within the industry.
Source: Buy Good Stuff Guide (Femnet, 2016); Ein Wegweiser durch das Labellabyrinth (CIR, 2018)

CASE 2: WE ALL NEED TO DRESS – BUT AT WHAT COST?





(Own graphic, based on: Singh, 2017)

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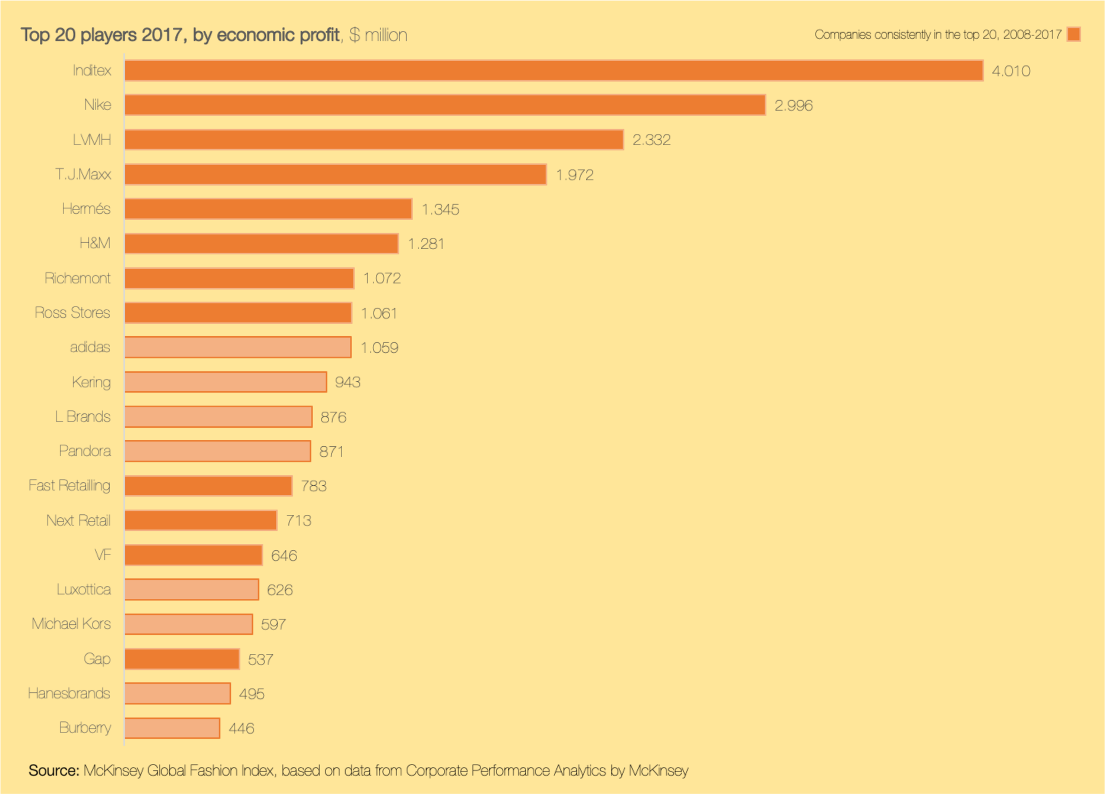
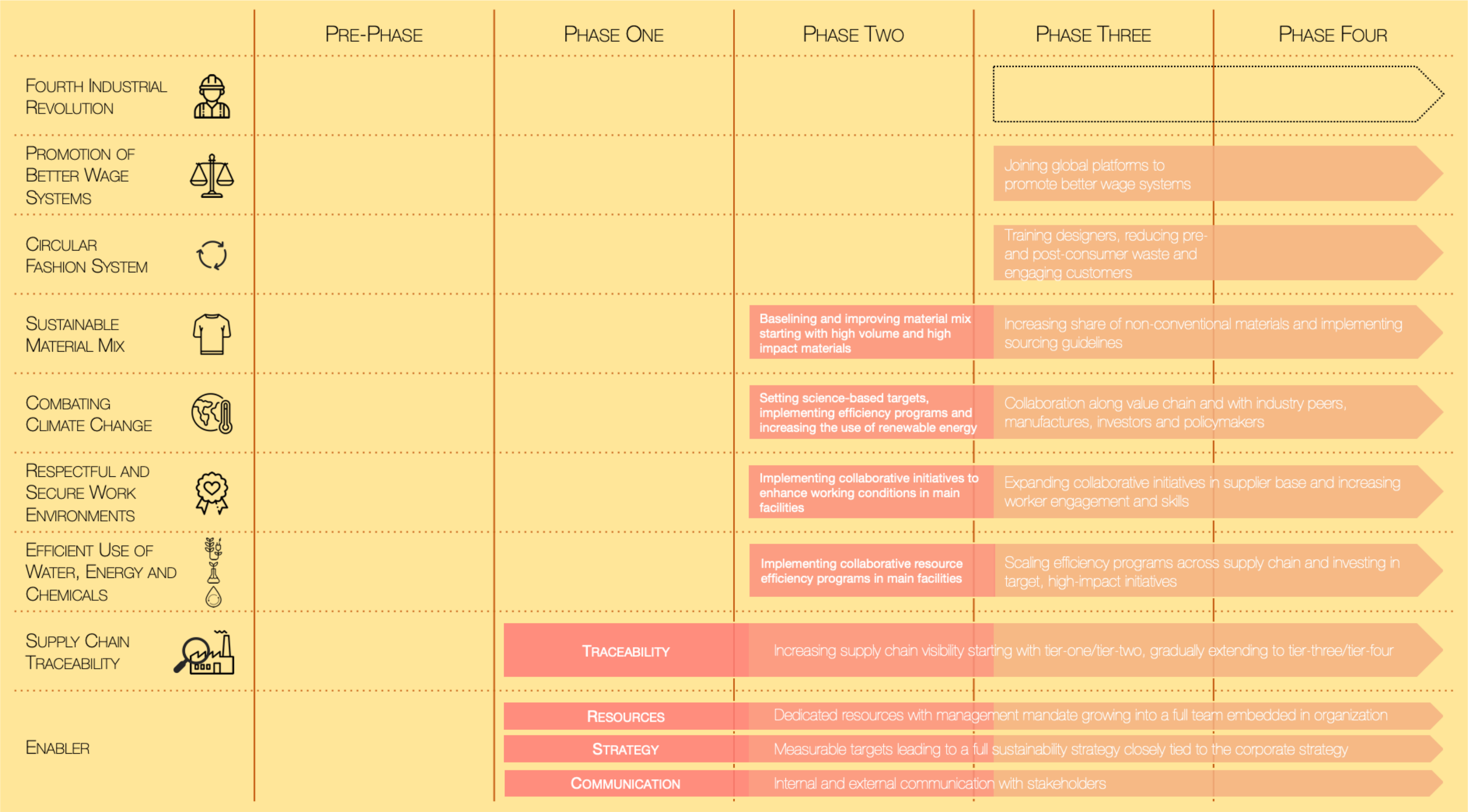


(Own graphic, based on: BoF & McKinsey, 2019)

The Global Garment Industry Supply Chain (Own graphic, based on: Human Rights Watch, 2019)

CASE 2: WE ALL NEED TO DRESS – BUT AT WHAT COST?



Pulse Roadmap to Scale towards a sustainable fashion industry along the following phases:

"Pre Phase – Taking uncoordinated action",

"Phase One – Building the foundation",

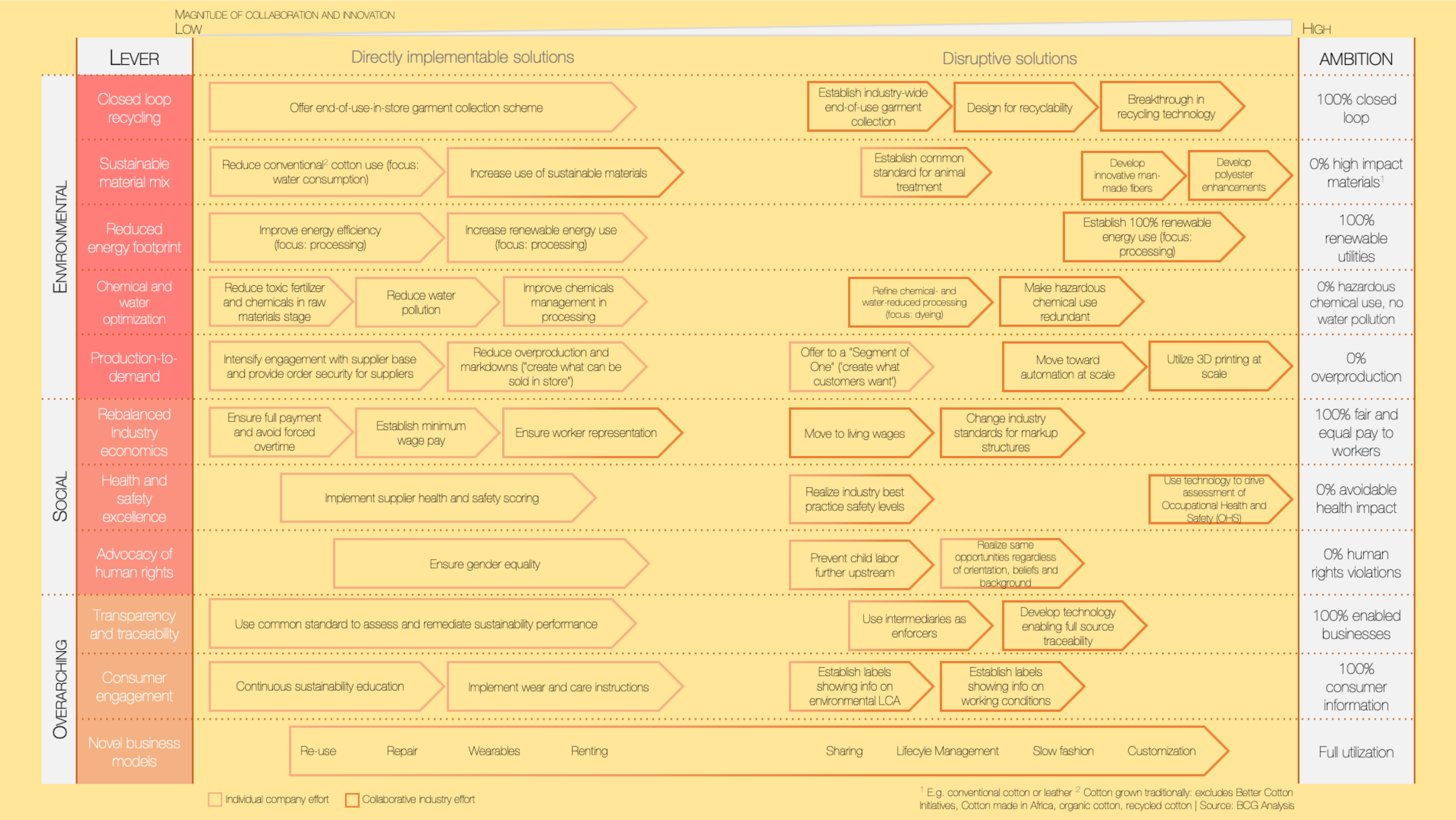
"Phase Two – Implementing the core",

"Phase Three – Expanding to scale",

"Phase Four – Unlocking the next level: Only with transformational innovations and disruptive business models can the industry move forward to the future."

(Own graphic, based on: GFA & BCG, 2019)

CASE 2: WE ALL NEED TO DRESS – BUT AT WHAT COST?



Landscape for Change (Own graphic, based on: GFA & BCG, 2017)

CASE 2: WE ALL NEED TO DRESS – BUT AT WHAT COST?

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CASE 2: WE ALL NEED TO DRESS – BUT AT WHAT COST?

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CASE 2: WE ALL NEED TO DRESS – BUT AT WHAT COST?

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